

BEFORE THE
UNITED STATES DEPARTMENT OF TRANSPORTATION
WASHINGTON, D.C.

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In the matter of)	
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COMPUTER RESERVATION)	DOCKET OST-97-2881
SYSTEMS (CRS))	DOCKET OST-97-3014
_____)	DOCKET OST-98-4775

COMMENTS OF THE
NATIONAL BUSINESS TRAVEL ASSOCIATION

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On July 21, 2000, the Department of Transportation (DOT) issued a "Supplemental Advance Notice of Proposed Rulemaking" inviting comments on the DOT's Computer Reservation System Regulation (14 C.F.R., Part 255). The National Business Travel Association (NBTA) submits these comments and hereby requests the DOT immediately reexamine Section 255, "Availability of Lowest Fare" and suspend Section 255.10, "Marketing and Booking Information".

For general background, the National Business Travel Association (NBTA) represents over 1,900 corporate travel managers for the Fortune 1000 companies, who are in charge of over \$185 billion dollars in business travel expenditures.

Our position is unique in this dialogue today. NBTA represents corporate travel managers and their companies that operate throughout the world. They and our colleagues throughout the world account for about 50% of the \$396 billion that is spent annually on business travel worldwide and send over 44 million travelers through our nations' air transportation system. Within NBTA are all the major travel suppliers as well. Our organization serves as a forum for bringing together all components of the travel marketplace--not only to work on travel arrangements--but to address major issues as well. Even though we may not agree completely on some issues, NBTA is dedicated to one collective goal: ensuring that travel is safe, efficient, and cost effective.

Today's environment magnifies the important role of corporate travel managers and their ability to maximize return on investment and enhance corporate productivity. CEOs of prominent corporations realize that business travel is responsible for key missions across the entire corporation. Business travel is a core function meant to contribute value to all other elements of a company's productivity as well as its bottom line.

Corporations pay a disproportionate share for airfares when contrasted to the amount that leisure travelers pay for their airline tickets. Often business travel fares are four times as much as leisure fares because of the price of the airline ticket and the accompanying federal passenger taxes.

In recent years, the explosion of new travel technology tools around the globe has created stresses and strains on our traditional regulatory guidance. These challenges include Internet travel websites, electronic corporate identification codes and Internet discount fares.

For the most part, the Internet and other technologies are providing wonderful benefits to our society like high-wage jobs, expanding educational opportunities and new modes of communication. Unfortunately, these technological advances also provide new opportunities for misconduct. We are seeing, and will continue to see, more violations of individual and corporate privacy rights than at any point in the last century.

Over twenty-years ago the founding fathers of Airline Deregulation put into place a new aviation distribution, facilitation and regulation machine that has successfully controlled the U.S. airspace. The founding fathers succeeded in their intent to create one of the

safest and most efficient systems in the world. It may have been asking for too much to have the founding fathers develop a system that would control the flow of information that is currently streaming across the Internet and other new electronic distribution systems.

NBTA is actively participating in the dialogue to improve the information sharing and bargaining between travel buyers and suppliers. Part of this dialogue includes aligning the current CRS system with new technology, so that travel buyers and suppliers are afforded a fair and efficient distribution system.

For the past decade, the DOT and the General Accounting Office studies have identified CRS abuses as one of the factors that inhibits unbiased information sharing, competition, and new entry. The DOT must use its current regulatory authority to ensure that the current CRS system is retune to handle new technologies that will challenge the CRS's goal of providing nondiscriminatory information.

Section 255, "Availability of lowest fares"

The disclosure of full information on the CRS has historically been one of the most critical requirements of the system. The emergence of Airline Owned Internet Travel Websites and Internet published fares has tested the notion that all fares will be readily available to consumers.

Travelers are increasingly turning to Travelocity.com, Microsoft Corp.'s Expedia Inc., and other Web sites for cheap fares. In response to the success of Travelocity and others, the airlines in November announced they were going to create a lowest fare website called Orbitz. Orbitz includes the U.S.'s five biggest airlines. The goal of the site will be to sell online tickets directly to consumers. It would bypass Internet ticket sellers such as Travelocity.com and Expedia.com.

The Justice Department and DOT both are investigating whether the airlines' venture could hurt competition for ticket sales. NBTA believes the venture has an unfair advantage because of Orbitz's financial ties to the airlines.

NBTA believes the airlines should make their Internet fares and ticket-booking rights available to all ticket sellers, and not to Orbitz alone. The airlines should publicly reveal their fares and give everyone--including corporations--equal access to booking rights for Internet sales.

To provide you with some context, our nation's corporations and their travelers already experience record high level of airfares. 61% of the nation's corporate travel managers report that they have experienced between a 6-9% increase in business fares since last year. The average domestic business air ticket for our member companies is \$1,691 and the average international trip costs \$3,542. Indeed, since the beginning of the year, we

have witnessed walk-up airfares, those used most often by business travelers that have moved well past the \$2000.00 mark for a round trip fare.

As the key contributors to the airlines' bottom-line, corporations deserve to have access to comparative prices and service information from independent sources on the purchase of air transportation.

Current rules, implemented in the 1980s, mandate such price and booking parity for non-Internet tickets.

Under Section 255 each system owner shall provide complete, timely, and accurate information on its airline schedules, fares, and seat availability to each other system in which it participates on the same basis and at the same time that it provides such information to the system that it owns, controls, and markets, or is affiliated with.

DOT Inspector General Kenneth Mead voiced his concern that there is little incentive for airlines to offer their lowest Internet fares outside of Orbitz, since the venture will discount computer reservation fees to participating carriers.

It is critical for the DOT to reexamine Section 255 in order to update the CRSs to the current demands of new technology. NBTA strongly believes in the interplay of free market forces. We do not advocate re-regulation or price controls on the airlines, but we do believe that the government has a role in ensuring that there is a level playing field and true competition in the airline industry. We believe that clear statutory authority exists for the government to do make Internet fares available across **every** distribution channel.

Section 255.10, "Marketing and Booking Information"

NBTA believes the DOT should immediately suspend Section 255. 10 because the regulation currently opens the door for carriers to monitor the ticketing activities of travel agencies and major corporations.

Under Section 255. 10 each system shall make available to all U.S. participating carriers on nondiscriminatory terms all marketing, booking and sales data relating to carriers that it elects to generate from its system.

Imagine going to buy a new car and the car salesman has been already compiled your income, car preference, travel patterns and how much you can spend. You are left with little to no ability in regards to negotiating a favorable price for your new vehicle. This scenario sways the bargaining scales towards the seller, it compromises your privacy and

its makes public your personal behavior patters. That is what is happening to low-cost corporations under Section 255.10.

NBTA recognizes the intent of the DOT to facilitate a system that would make it possible for participating carriers to openly exchange information and data; however, the advancement of technology has opened the door for carriers to potentially use competing information in a discriminatory fashion.

NBTA believes that an exchange of information must occur with verification and approval of the corporations and carriers who would be directly impacted by its execution.

In the current aviation market, corporations deal with overpriced airfares and single airline dominated markets. The current CRS regulation opens the door for carriers to eliminate the one ***bargaining*** tool that corporations still own, and that is data - travel patterns, including destinations, flight numbers, airline flown and class of service.

Under Section 255.10, the corporation will have no control of how an airline uses ***their*** data and the proprietary nature of the data. The proposal will unmask the travel patterns and tendencies of corporations, allowing airlines, including ones a corporation is not contracted with, to sell and purchase a company's travel data.

Technology advances every day and our society has becomes increasingly tied to computer networks. These changes allow our electronic data to become more vulnerable. Because of this new vulnerability, U.S. Deputy Attorney General Eric Holder recently stated in a Congressional Hearing that the private sector should take the lead in protecting private computer networks, through more vigilant security efforts and information sharing. Vigilance as it relates to this issue would mean protecting corporate travel purchasing patterns.

NBTA would urge the DOT to immediately suspend Section 255.10 and require carriers to obtain the permission of corporations before carriers exchange or sell corporate travel data.

Within this new electronic age, where purchasing patterns are obtainable by a click of the mouse, the scales within the sales environment should return to balance between the travel buyer and seller. The owners of the data, corporations, should be the only entities able to decide the accessibility and usage of their travel data. It is vital that the government ensures that the exchange of information is open, fair, and protected.

NBTA will continue to press Congress and the Administration with statistics and viewpoints, which illustrate the current struggle by corporate travel managers to command better choice and service and lower fares within the aviation environment.

If the DOT works **quickly** and **pro-actively** to address the CRS regulations then it will protect our system and consumers from discriminatory and unfair practices.

Respectfully submitted,

A handwritten signature in cursive script, reading "Cyndi Perper".

Cyndi Perper
President

A handwritten signature in cursive script, reading "Marianne McInerney".

Marianne McInerney
Executive Director